

20 March 2009

ASX RELEASE

General Manager,
 The Company Announcements Office
 Australian Stock Exchange Limited
 Electronic Lodgement System

Dear Sir,

Gas Analysis Results EPC891, Springsure Creek

Bandanna Energy Limited (Bandanna – ASX Code BND) is pleased to announce that it has recently received encouraging gas content and composition information from their wholly owned Springsure Creek exploration project, EPC 891. Analysis by Geogas, the principal supplier of gas data to the Queensland coal industry, indicates low gas levels within the potential underground project area at Springsure Creek.

Detailed below, an average gas content of 2.51 m³ per tonne of coal within the target Aries 2 seam is reported. These results are encouraging because they indicate that for any future underground mine development a simpler and more cost effective ventilation design may suffice and that gas drainage in advance of mining may not be necessary.

Table 1: Gas content within the Aries 2 Seam, SPR009C, Springsure Creek, EPC 891.

Borehole Number	GeoGAS Sample Number	Client Sample Number	Seam	Depth from (m)	Depth to (m)	Thickness	Measured Gas Content Q _m (m ³ /t)	Density Sample ARD (g/cc)
SPR009C	SPR0001	3126	A2	295.11	295.90	0.79	2.42	1.39
	SPR0002	3127	A2	295.90	296.67	0.77	2.20	1.36
	SPR0003	3128	A2	296.67	297.45	0.78	2.93	1.31
	SPR0004	3129	A2	297.45	297.90	0.45	2.49	1.67
Average Gas Count							2.51	

Gas compositional data is detailed below in Table 2. Following flushing with an inert gas, Geogas has determined methane content, within the single sample tested, of 96.8%. Of particular note is the absence of any hydrogen sulphide, a toxic gas commonly occurring within coal seams.

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Table 2: Gas composition within the Aries 2 Seam, SPR009C, Springsure Creek, EPC 891.

Borehole Number	GeoGAS Sample Number	Gas Composition Results					
		H ₂ S Detected	CH ₄ / (CH ₄ +CO ₂)	CH ₄ % Air Free	CO ₂ % Air Free	N ₂ % Air Free	Inert Gas Flushed
SPR009C	SPR0001	No	0.98	96.8	1.9	1.4	Yes
	SPR0002	No	0.99	66.8	0.6	32.6	No
	SPR0003	No	0.99	70.1	0.7	29.2	No
	SPR0004	No	0.98	58.2	1.1	40.7	No

Note: Non-inert gas flushed composition results overestimate N₂ due to coal oxidation during testing

Springsure Creek Coal Pty Ltd is in the process of completing a further 10 gas desorption holes, and expects completion of these by the end of the financial year. Drilling for geotechnical design purposes and further coal quality analysis is continuing.

Bandanna Energy owns 100% of Springsure Creek Coal Pty Ltd.

Yours faithfully,
BANDANNA ENERGY LIMITED



Dr Ray Shaw

Managing Director